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HOUSE BILL 3083

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State of Washington                      59th Legislature                      2006 Regular Session

By Representatives Takko, Haler and Blake

Read first time 01/19/2006. Referred to Committee on Finance.

1            AN ACT Relating to the excise taxation of fruit and vegetable  
2 processing and storage; amending RCW 82.04.4266, 82.32.610, 82.74.010,  
3 82.74.040, 82.08.820, 82.08.820, 82.08.820, 82.12.820, 82.32.600, and  
4 82.32.590; reenacting and amending RCW 82.04.260; providing effective  
5 dates; and providing expiration dates.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7            **Sec. 1.** RCW 82.04.4266 and 2005 c 513 s 1 are each amended to read  
8 as follows:

9            (1) This chapter shall not apply to ~~((amounts received from))~~ the:  
10            ~~((1))~~ (a) Canning, preserving, freezing, processing, or  
11 dehydrating fresh fruits and vegetables; or  
12            ~~((2))~~ (b) Selling at wholesale fresh fruits and vegetables  
13 canned, preserved, frozen, processed, or dehydrated by the seller and  
14 sold to purchasers who transport in the ordinary course of business the  
15 goods out of this state. ~~((As proof of sale to a person who transports  
16 in the ordinary course of business goods out of this state, the seller  
17 shall annually provide a statement in a form prescribed by the  
18 department and retain the statement as a business record.))~~ A person  
19 taking an exemption under this subsection (1)(b) must keep and preserve

1 records for the period required by RCW 82.32.070 establishing that the  
2 goods were transported by the purchaser in the ordinary course of  
3 business out of this state.

4 (2) This section expires July 1, 2012.

5 **Sec. 2.** RCW 82.04.260 and 2005 c 513 s 2 and 2005 c 443 s 4 are  
6 each reenacted and amended to read as follows:

7 (1) Upon every person engaging within this state in the business of  
8 manufacturing:

9 (a) Wheat into flour, barley into pearl barley, soybeans into  
10 soybean oil, canola into canola oil, canola meal, or canola byproducts,  
11 or sunflower seeds into sunflower oil; as to such persons the amount of  
12 tax with respect to such business shall be equal to the value of the  
13 flour, pearl barley, oil, canola meal, or canola byproduct  
14 manufactured, multiplied by the rate of 0.138 percent;

15 (b) Seafood products which remain in a raw, raw frozen, or raw  
16 salted state at the completion of the manufacturing by that person; as  
17 to such persons the amount of tax with respect to such business shall  
18 be equal to the value of the products manufactured, multiplied by the  
19 rate of 0.138 percent;

20 (c) Dairy products that as of September 20, 2001, are identified in  
21 C.F.R., chapter 1, parts 131, 133, and 135, including byproducts  
22 from the manufacturing of the dairy products such as whey and casein;  
23 or selling the same to purchasers who transport in the ordinary course  
24 of business the goods out of state; as to such persons the tax imposed  
25 shall be equal to the value of the products manufactured or the gross  
26 proceeds derived from such sales multiplied by the rate of 0.138  
27 percent. (~~As proof of sale to a person who transports in the ordinary~~  
28 ~~course of business goods out of this state, the seller shall annually~~  
29 ~~provide a statement in a form prescribed by the department and retain~~  
30 ~~the statement as a business record)) Sellers must keep and preserve  
31 records for the period required by RCW 82.32.070 establishing that the  
32 goods were transported by the purchaser in the ordinary course of  
33 business out of this state;~~

34 (d) Beginning July 1, 2012, fresh fruits and/or vegetables by  
35 canning, preserving, freezing, processing, or dehydrating, or selling  
36 at wholesale fresh fruits and vegetables canned, preserved, frozen,  
37 processed, or dehydrated by the seller and sold to purchasers who

1 transport in the ordinary course of business the goods out of this  
2 state; as to such persons the amount of tax with respect to such  
3 business shall be equal to the value of the products manufactured or  
4 the gross proceeds derived from such sales multiplied by the rate of  
5 0.138 percent. Sellers must keep and preserve records for the period  
6 required by RCW 82.32.070 establishing that the goods were transported  
7 by the purchaser in the ordinary course of business out of this state;

8 ((~~d~~)) (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or  
9 biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as  
10 to such persons the amount of tax with respect to the business shall be  
11 equal to the value of alcohol fuel, biodiesel fuel, or biodiesel  
12 feedstock manufactured, multiplied by the rate of 0.138 percent; and

13 ((~~e~~)) (f) Alcohol fuel or wood biomass fuel, as those terms are  
14 defined in RCW 82.29A.135; as to such persons the amount of tax with  
15 respect to the business shall be equal to the value of alcohol fuel or  
16 wood biomass fuel manufactured, multiplied by the rate of 0.138  
17 percent.

18 (2) Upon every person engaging within this state in the business of  
19 splitting or processing dried peas; as to such persons the amount of  
20 tax with respect to such business shall be equal to the value of the  
21 peas split or processed, multiplied by the rate of 0.138 percent.

22 (3) Upon every nonprofit corporation and nonprofit association  
23 engaging within this state in research and development, as to such  
24 corporations and associations, the amount of tax with respect to such  
25 activities shall be equal to the gross income derived from such  
26 activities multiplied by the rate of 0.484 percent.

27 (4) Upon every person engaging within this state in the business of  
28 slaughtering, breaking and/or processing perishable meat products  
29 and/or selling the same at wholesale only and not at retail; as to such  
30 persons the tax imposed shall be equal to the gross proceeds derived  
31 from such sales multiplied by the rate of 0.138 percent.

32 (5) Upon every person engaging within this state in the business of  
33 acting as a travel agent or tour operator; as to such persons the  
34 amount of the tax with respect to such activities shall be equal to the  
35 gross income derived from such activities multiplied by the rate of  
36 0.275 percent.

37 (6) Upon every person engaging within this state in business as an  
38 international steamship agent, international customs house broker,

1 international freight forwarder, vessel and/or cargo charter broker in  
2 foreign commerce, and/or international air cargo agent; as to such  
3 persons the amount of the tax with respect to only international  
4 activities shall be equal to the gross income derived from such  
5 activities multiplied by the rate of 0.275 percent.

6 (7) Upon every person engaging within this state in the business of  
7 stevedoring and associated activities pertinent to the movement of  
8 goods and commodities in waterborne interstate or foreign commerce; as  
9 to such persons the amount of tax with respect to such business shall  
10 be equal to the gross proceeds derived from such activities multiplied  
11 by the rate of 0.275 percent. Persons subject to taxation under this  
12 subsection shall be exempt from payment of taxes imposed by chapter  
13 82.16 RCW for that portion of their business subject to taxation under  
14 this subsection. Stevedoring and associated activities pertinent to  
15 the conduct of goods and commodities in waterborne interstate or  
16 foreign commerce are defined as all activities of a labor, service or  
17 transportation nature whereby cargo may be loaded or unloaded to or  
18 from vessels or barges, passing over, onto or under a wharf, pier, or  
19 similar structure; cargo may be moved to a warehouse or similar holding  
20 or storage yard or area to await further movement in import or export  
21 or may move to a consolidation freight station and be stuffed,  
22 unstuffed, containerized, separated or otherwise segregated or  
23 aggregated for delivery or loaded on any mode of transportation for  
24 delivery to its consignee. Specific activities included in this  
25 definition are: Wharfage, handling, loading, unloading, moving of  
26 cargo to a convenient place of delivery to the consignee or a  
27 convenient place for further movement to export mode; documentation  
28 services in connection with the receipt, delivery, checking, care,  
29 custody and control of cargo required in the transfer of cargo;  
30 imported automobile handling prior to delivery to consignee; terminal  
31 stevedoring and incidental vessel services, including but not limited  
32 to plugging and unplugging refrigerator service to containers,  
33 trailers, and other refrigerated cargo receptacles, and securing ship  
34 hatch covers.

35 (8) Upon every person engaging within this state in the business of  
36 disposing of low-level waste, as defined in RCW 43.145.010; as to such  
37 persons the amount of the tax with respect to such business shall be

1 equal to the gross income of the business, excluding any fees imposed  
2 under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

3 If the gross income of the taxpayer is attributable to activities  
4 both within and without this state, the gross income attributable to  
5 this state shall be determined in accordance with the methods of  
6 apportionment required under RCW 82.04.460.

7 (9) Upon every person engaging within this state as an insurance  
8 agent, insurance broker, or insurance solicitor licensed under chapter  
9 48.17 RCW; as to such persons, the amount of the tax with respect to  
10 such licensed activities shall be equal to the gross income of such  
11 business multiplied by the rate of 0.484 percent.

12 (10) Upon every person engaging within this state in business as a  
13 hospital, as defined in chapter 70.41 RCW, that is operated as a  
14 nonprofit corporation or by the state or any of its political  
15 subdivisions, as to such persons, the amount of tax with respect to  
16 such activities shall be equal to the gross income of the business  
17 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
18 percent thereafter. The moneys collected under this subsection shall  
19 be deposited in the health services account created under RCW  
20 43.72.900.

21 (11)(a) Beginning October 1, 2005, upon every person engaging  
22 within this state in the business of manufacturing commercial  
23 airplanes, or components of such airplanes, as to such persons the  
24 amount of tax with respect to such business shall, in the case of  
25 manufacturers, be equal to the value of the product manufactured, or in  
26 the case of processors for hire, be equal to the gross income of the  
27 business, multiplied by the rate of:

28 (i) 0.4235 percent from October 1, 2005, through the later of June  
29 30, 2007, or the day preceding the date final assembly of a  
30 superefficient airplane begins in Washington state, as determined under  
31 RCW 82.32.550; and

32 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the  
33 date final assembly of a superefficient airplane begins in Washington  
34 state, as determined under RCW 82.32.550.

35 (b) Beginning October 1, 2005, upon every person engaging within  
36 this state in the business of making sales, at retail or wholesale, of  
37 commercial airplanes, or components of such airplanes, manufactured by

1 that person, as to such persons the amount of tax with respect to such  
2 business shall be equal to the gross proceeds of sales of the airplanes  
3 or components multiplied by the rate of:

4 (i) 0.4235 percent from October 1, 2005, through the later of June  
5 30, 2007, or the day preceding the date final assembly of a  
6 superefficient airplane begins in Washington state, as determined under  
7 RCW 82.32.550; and

8 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the  
9 date final assembly of a superefficient airplane begins in Washington  
10 state, as determined under RCW 82.32.550.

11 (c) For the purposes of this subsection (11), "commercial  
12 airplane," "component," and "final assembly of a superefficient  
13 airplane" have the meanings given in RCW 82.32.550.

14 (d) In addition to all other requirements under this title, a  
15 person eligible for the tax rate under this subsection (11) must report  
16 as required under RCW 82.32.545.

17 (e) This subsection (11) does not apply after the earlier of: July  
18 1, 2024; or December 31, 2007, if assembly of a superefficient airplane  
19 does not begin by December 31, 2007, as determined under RCW 82.32.550.

20 **Sec. 3.** RCW 82.32.610 and 2005 c 513 s 3 are each amended to read  
21 as follows:

22 (1) The legislature finds that accountability and effectiveness are  
23 important aspects of setting tax policy. In order to make policy  
24 choices regarding the best use of limited state resources the  
25 legislature needs information on how a tax incentive is used.

26 (2) Each person claiming a tax exemption under RCW 82.04.4266 shall  
27 report information to the department by filing a complete annual  
28 survey. The survey is due by March 31st of the year following any  
29 calendar year in which a tax exemption under RCW 82.04.4266 is taken.  
30 The department may extend the due date for timely filing of annual  
31 surveys under this section as provided in RCW 82.32.590. The survey  
32 shall include the amount of tax exemption taken. The survey shall also  
33 include the following information for employment positions in  
34 Washington:

35 (a) The number of total employment positions;

36 (b) Full-time, part-time, and temporary employment positions as a  
37 percent of total employment;

1 (c) The number of employment positions according to the following  
2 wage bands: Less than thirty thousand dollars; thirty thousand dollars  
3 or greater, but less than sixty thousand dollars; and sixty thousand  
4 dollars or greater. A wage band containing fewer than three  
5 individuals may be combined with another wage band; and

6 (d) The number of employment positions that have employer-provided  
7 medical, dental, and retirement benefits, by each of the wage bands.

8 The first survey filed under this subsection shall also include  
9 information for the twelve-month period immediately before first use of  
10 a tax incentive.

11 (3) The department may request additional information necessary to  
12 measure the results of the exemption program, to be submitted at the  
13 same time as the survey.

14 (4) All information collected under this section, except the amount  
15 of the tax exemption taken, is deemed taxpayer information under RCW  
16 82.32.330. Information on the amount of tax exemption taken is not  
17 subject to the confidentiality provisions of RCW 82.32.330.

18 (5) If a person fails to submit an annual survey under subsection  
19 (2) of this section by the due date of the (~~report~~) survey or any  
20 extension under RCW 82.32.590, the department shall declare the amount  
21 of taxes exempted for the previous calendar year to be immediately due  
22 and payable. The department shall assess interest, but not penalties,  
23 on the amounts due under this section. The amount due shall be  
24 calculated using a rate of 0.138 percent. The interest shall be  
25 assessed at the rate provided for delinquent taxes under this chapter,  
26 retroactively to the date the exemption was claimed, and shall accrue  
27 until the taxes for which the exemption was claimed are repaid. This  
28 information is not subject to the confidentiality provisions of RCW  
29 82.32.330.

30 (6) The department shall use the information from this section to  
31 prepare summary descriptive statistics by category. No fewer than  
32 three taxpayers shall be included in any category. The department  
33 shall report these statistics to the legislature each year by September  
34 1st.

35 (7) The department shall study the tax exemption authorized in RCW  
36 82.04.4266. The department shall submit a report to the finance  
37 committee of the house of representatives and the ways and means  
38 committee of the senate by December 1, 2011. The report shall measure

1 the effect of the exemption on job creation, job retention, company  
2 growth, the movement of firms or the consolidation of firms' operations  
3 into the state, and such other factors as the department selects.

4 **Sec. 4.** RCW 82.74.010 and 2005 c 513 s 4 are each amended to read  
5 as follows:

6 Unless the context clearly requires otherwise, the definitions in  
7 this section apply throughout this chapter.

8 (1) "Applicant" means a person applying for a tax deferral under  
9 this chapter.

10 (2) "Cold storage warehouse" means a storage warehouse (~~used~~)  
11 owned or operated by a wholesaler or third-party warehouser as those  
12 terms are defined in RCW 82.08.820 to store fresh and/or frozen  
13 perishable fruits or vegetables, or any combination thereof, at a  
14 desired temperature to maintain the quality of the product for orderly  
15 marketing.

16 (3) "Department" means the department of revenue.

17 (4) "Eligible investment project" means an investment in qualified  
18 buildings or qualified machinery and equipment, including labor and  
19 services rendered in the planning, installation, and construction of  
20 the project. The lessor or owner of a qualified building is not  
21 eligible for a deferral unless (a) the underlying ownership of the  
22 buildings, machinery, and equipment vests exclusively in the same  
23 person; or (b)(i) the lessor by written contract agrees to pass the  
24 economic benefit of the deferral to the lessee in the form of reduced  
25 rent payments, and (ii) the lessee that receives the economic benefit  
26 of the deferral agrees in writing with the department to complete the  
27 annual survey under RCW 82.74.040. The economic benefit of the  
28 deferral to the lessee may be evidenced by any type of payment, credit,  
29 or any other financial arrangement between the lessor or owner of the  
30 qualified building and the lessee.

31 (5) "Fresh fruit and vegetable processing" means manufacturing as  
32 defined in RCW 82.04.120 which consists of the canning, preserving,  
33 freezing, processing, or dehydrating fresh fruits and/or vegetables.

34 (6)(a) "Initiation of construction" means the date that a building  
35 permit is issued under the building code adopted under RCW 19.27.031  
36 for:

1 (i) Construction of the qualified building, if the underlying  
2 ownership of the building vests exclusively with the person receiving  
3 the economic benefit of the deferral;

4 (ii) Construction of the qualified building, if the economic  
5 benefits of the deferral are passed to a lessee as provided in  
6 subsection (4) of this section; or

7 (iii) Tenant improvements for a qualified building, if the economic  
8 benefits of the deferral are passed to a lessee as provided in  
9 subsection (4) of this section.

10 (b) "Initiation of construction" does not include soil testing,  
11 site clearing and grading, site preparation, or any other related  
12 activities that are initiated before the issuance of a building permit  
13 for the construction of the foundation of the building.

14 (c) If the investment project is a phased project, "initiation of  
15 construction" applies separately to each phase.

16 (7) "Person" has the meaning given in RCW 82.04.030.

17 (8) "Qualified buildings" means construction of new structures, and  
18 expansion or renovation of existing structures for the purpose of  
19 increasing floor space or production capacity used for fresh fruit and  
20 vegetable processing, cold storage (~~warehouse~~) warehousing, and  
21 research and development activities, including plant offices and  
22 warehouses or other facilities for the storage of raw material or  
23 finished goods if such facilities are an essential or an integral part  
24 of a factory, plant, or laboratory used for fresh fruit and vegetable  
25 processing, cold storage warehousing, or research and development. If  
26 a building is used partly for fresh fruit and vegetable processing,  
27 cold storage warehousing, or research and development and partly for  
28 other purposes, the applicable tax deferral shall be determined by  
29 apportionment of the costs of construction under rules adopted by the  
30 department.

31 (9) "Qualified machinery and equipment" means all industrial and  
32 research fixtures, equipment, and support facilities that are an  
33 integral and necessary part of a fresh fruit and vegetable processing,  
34 cold storage warehouse, or research and development operation.  
35 "Qualified machinery and equipment" includes: Computers; software;  
36 data processing equipment; laboratory equipment; manufacturing  
37 components such as belts, pulleys, shafts, and moving parts; molds,

1 tools, and dies; operating structures; and all equipment used to  
2 control or operate the machinery.

3 (10) "Recipient" means a person receiving a tax deferral under this  
4 chapter.

5 (11) "Research and development" means the development, refinement,  
6 testing, marketing, and commercialization of a product, service, or  
7 process related to fresh fruit and vegetable processing or cold storage  
8 warehousing before commercial sales have begun. As used in this  
9 subsection, "commercial sales" excludes sales of prototypes or sales  
10 for market testing if the total gross receipts from such sales of the  
11 product, service, or process do not exceed one million dollars.

12 **Sec. 5.** RCW 82.74.040 and 2005 c 513 s 7 are each amended to read  
13 as follows:

14 (1)(a) The legislature finds that accountability and effectiveness  
15 are important aspects of setting tax policy. In order to make policy  
16 choices regarding the best use of limited state resources the  
17 legislature needs information on how a tax incentive is used.

18 (b) Each recipient of a deferral granted under this chapter shall  
19 complete an annual survey. If the economic benefits of the deferral  
20 are passed to a lessee as provided in RCW 82.74.010(4), the lessee  
21 shall complete the annual survey and the applicant is not required to  
22 complete the annual survey. The survey is due by March 31st of the  
23 year following the calendar year in which the investment project is  
24 certified by the department as having been operationally complete and  
25 each of the seven succeeding calendar years. The department may extend  
26 the due date for timely filing of annual surveys under this section as  
27 provided in RCW 82.32.590. The survey shall include the amount of tax  
28 deferred. The survey shall also include the following information for  
29 employment positions in Washington:

30 (i) The number of total employment positions;

31 (ii) Full-time, part-time, and temporary employment positions as a  
32 percent of total employment;

33 (iii) The number of employment positions according to the following  
34 wage bands: Less than thirty thousand dollars; thirty thousand dollars  
35 or greater, but less than sixty thousand dollars; and sixty thousand  
36 dollars or greater. A wage band containing fewer than three  
37 individuals may be combined with another wage band; and

1 (iv) The number of employment positions that have employer-provided  
2 medical, dental, and retirement benefits, by each of the wage bands.

3 (c) The department may request additional information necessary to  
4 measure the results of the deferral program, to be submitted at the  
5 same time as the survey.

6 (d) All information collected under this subsection, except the  
7 amount of the tax deferral taken, is deemed taxpayer information under  
8 RCW 82.32.330. Information on the amount of tax deferral taken is not  
9 subject to the confidentiality provisions of RCW 82.32.330 and may be  
10 disclosed to the public upon request.

11 (e) The department shall use the information from this section to  
12 prepare summary descriptive statistics by category. No fewer than  
13 three taxpayers shall be included in any category. The department  
14 shall report these statistics to the legislature each year by September  
15 1st.

16 (f) The department shall also use the information to study the tax  
17 deferral program authorized under this chapter. The department shall  
18 report to the legislature by December 1, 2011. The report shall  
19 measure the effect of the program on job creation, (~~the number of jobs~~  
20 ~~created for residents of eligible areas,~~) company growth, the  
21 introduction of new products, the diversification of the state's  
22 economy, growth in research and development investment, the movement of  
23 firms or the consolidation of firms' operations into the state, and  
24 such other factors as the department selects.

25 (2)(a) If a recipient of the deferral fails to complete the annual  
26 survey required under subsection (1) of this section by the date due or  
27 any extension under RCW 82.32.590, twelve and one-half percent of the  
28 deferred tax shall be immediately due. If the economic benefits of the  
29 deferral are passed to a lessee as provided in RCW 82.74.010(4), the  
30 lessee shall be responsible for payment to the extent the lessee has  
31 received the economic benefit. The department shall assess interest,  
32 but not penalties, on the amounts due under this section. The interest  
33 shall be assessed at the rate provided for delinquent taxes under  
34 chapter 82.32 RCW, and shall accrue until the amounts due are repaid.

35 (b) A recipient who must repay deferred taxes under RCW  
36 82.74.050(2) because the department has found that an investment  
37 project is used for purposes other than fresh fruit and vegetable

1 processing, cold storage warehousing, or research and development is no  
2 longer required to file annual surveys under this section beginning on  
3 the date an investment project is used for nonqualifying purposes.

4 **Sec. 6.** RCW 82.08.820 and 1997 c 450 s 2 are each amended to read  
5 as follows:

6 (1) Wholesalers or third-party warehouse owners who own or operate  
7 warehouses or grain elevators and retailers who own or operate  
8 distribution centers, and who have paid the tax levied by RCW 82.08.020  
9 on:

10 (a) Material-handling and racking equipment, and labor and services  
11 rendered in respect to installing, repairing, cleaning, altering, or  
12 improving the equipment; or

13 (b) Construction of a warehouse or grain elevator, including  
14 materials, and including service and labor costs,  
15 are eligible for an exemption in the form of a remittance. The amount  
16 of the remittance is computed under subsection (3) of this section and  
17 is based on the state share of sales tax.

18 (2) For purposes of this section and RCW 82.12.820:

19 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

20 (b) "Construction" means the actual construction of a warehouse or  
21 grain elevator that did not exist before the construction began.  
22 "Construction" includes expansion if the expansion adds at least two  
23 hundred thousand square feet of additional space to an existing  
24 warehouse or additional storage capacity of at least one million  
25 bushels to an existing grain elevator. "Construction" does not include  
26 renovation, remodeling, or repair;

27 (c) "Department" means the department of revenue;

28 (d) "Distribution center" means a warehouse that is used  
29 exclusively by a retailer solely for the storage and distribution of  
30 finished goods to retail outlets of the retailer. "Distribution  
31 center" does not include a warehouse at which retail sales occur;

32 (e) "Finished goods" means tangible personal property intended for  
33 sale by a retailer or wholesaler. "Finished goods" does not include  
34 agricultural products stored by wholesalers, third-party warehouses, or  
35 retailers if the storage takes place on the land of the person who  
36 produced the agricultural product. "Finished goods" does not include

1 logs, minerals, petroleum, gas, or other extracted products stored as  
2 raw materials or in bulk;

3 (f) "Grain elevator" means a structure used for storage and  
4 handling of grain in bulk;

5 (g) "Material-handling equipment and racking equipment" means  
6 equipment in a warehouse or grain elevator that is primarily used to  
7 handle, store, organize, convey, package, or repackage finished goods.  
8 The term includes tangible personal property with a useful life of one  
9 year or more that becomes an ingredient or component of the equipment,  
10 including repair and replacement parts. The term does not include  
11 equipment in offices, lunchrooms, restrooms, and other like space,  
12 within a warehouse or grain elevator, or equipment used for  
13 nonwarehousing purposes. "Material-handling equipment" includes but is  
14 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-  
15 place units, cranes, hoists, mechanical arms, and robots; mechanized  
16 systems, including containers that are an integral part of the system,  
17 whose purpose is to lift or move tangible personal property; and  
18 automated handling, storage, and retrieval systems, including computers  
19 that control them, whose purpose is to lift or move tangible personal  
20 property; and forklifts and other off-the-road vehicles that are used  
21 to lift or move tangible personal property and that cannot be operated  
22 legally on roads and streets. "Racking equipment" includes, but is not  
23 limited to, conveying systems, chutes, shelves, racks, bins, drawers,  
24 pallets, and other containers and storage devices that form a necessary  
25 part of the storage system;

26 (h) "Person" has the meaning given in RCW 82.04.030;

27 (i) "Retailer" means a person who makes "sales at retail" as  
28 defined in chapter 82.04 RCW of tangible personal property;

29 (j) "Square footage" means the product of the two horizontal  
30 dimensions of each floor of a specific warehouse. The entire footprint  
31 of the warehouse shall be measured in calculating the square footage,  
32 including space that juts out from the building profile such as loading  
33 docks. "Square footage" does not mean the aggregate of the square  
34 footage of more than one warehouse at a location or the aggregate of  
35 the square footage of warehouses at more than one location;

36 (k) "Third-party warehouser" means a person taxable under RCW  
37 82.04.280(4);

1 (1) "Warehouse" means an enclosed building or structure in which  
2 finished goods are stored. A warehouse building or structure may have  
3 more than one storage room and more than one floor. Office space,  
4 lunchrooms, restrooms, and other space within the warehouse and  
5 necessary for the operation of the warehouse are considered part of the  
6 warehouse as are loading docks and other such space attached to the  
7 building and used for handling of finished goods. Landscaping and  
8 parking lots are not considered part of the warehouse. A storage yard  
9 is not a warehouse, nor is a building in which manufacturing takes  
10 place; and

11 (m) "Wholesaler" means a person who makes "sales at wholesale" as  
12 defined in chapter 82.04 RCW of tangible personal property, but  
13 "wholesaler" does not include a person who makes sales exempt under RCW  
14 82.04.330.

15 (3)(a) A person claiming an exemption from state tax in the form of  
16 a remittance under this section must pay the tax imposed by RCW  
17 82.08.020. The buyer may then apply to the department for remittance  
18 of all or part of the tax paid under RCW 82.08.020. For grain  
19 elevators with bushel capacity of one million but less than two  
20 million, the remittance is equal to fifty percent of the amount of tax  
21 paid. For warehouses with square footage of two hundred thousand or  
22 more and for grain elevators with bushel capacity of two million or  
23 more, the remittance is equal to one hundred percent of the amount of  
24 tax paid for qualifying construction, materials, service, and labor,  
25 and fifty percent of the amount of tax paid for qualifying material-  
26 handling equipment and racking equipment, and labor and services  
27 rendered in respect to installing, repairing, cleaning, altering, or  
28 improving the equipment.

29 (b) The department shall determine eligibility under this section  
30 based on information provided by the buyer and through audit and other  
31 administrative records. The buyer shall on a quarterly basis submit an  
32 information sheet, in a form and manner as required by the department  
33 by rule, specifying the amount of exempted tax claimed and the  
34 qualifying purchases or acquisitions for which the exemption is  
35 claimed. The buyer shall retain, in adequate detail to enable the  
36 department to determine whether the equipment or construction meets the  
37 criteria under this section: Invoices; proof of tax paid; documents

1 describing the material-handling equipment and racking equipment;  
2 location and size of warehouses and grain elevators; and construction  
3 invoices and documents.

4 (c) The department shall on a quarterly basis remit exempted  
5 amounts to qualifying persons who submitted applications during the  
6 previous quarter.

7 (4) Warehouses, grain elevators, and material-handling equipment  
8 and racking equipment for which an exemption, credit, or deferral has  
9 been or is being received under chapter 82.60, (~~(82.617)~~) 82.62, or  
10 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any  
11 remittance under this section. Warehouses and grain elevators upon  
12 which construction was initiated before May 20, 1997, are not eligible  
13 for a remittance under this section.

14 (5) The lessor or owner of a warehouse or grain elevator is not  
15 eligible for a remittance under this section unless the underlying  
16 ownership of the warehouse or grain elevator and the material-handling  
17 equipment and racking equipment vests exclusively in the same person,  
18 or unless the lessor by written contract agrees to pass the economic  
19 benefit of the remittance to the lessee in the form of reduced rent  
20 payments.

21 **Sec. 7.** RCW 82.08.820 and 2005 c 513 s 11 are each amended to read  
22 as follows:

23 (1) Wholesalers or third-party warehouse owners who own or operate  
24 warehouses or grain elevators and retailers who own or operate  
25 distribution centers, and who have paid the tax levied by RCW 82.08.020  
26 on:

27 (a) Material-handling and racking equipment, and labor and services  
28 rendered in respect to installing, repairing, cleaning, altering, or  
29 improving the equipment; or

30 (b) Construction of a warehouse or grain elevator, including  
31 materials, and including service and labor costs,  
32 are eligible for an exemption in the form of a remittance. The amount  
33 of the remittance is computed under subsection (3) of this section and  
34 is based on the state share of sales tax.

35 (2) For purposes of this section and RCW 82.12.820:

36 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

1 (b) "Cold storage warehouse" (~~means a storage warehouse used to~~  
2 ~~store fresh and/or frozen perishable fruits or vegetables, or any~~  
3 ~~combination thereof, at a desired temperature to maintain the quality~~  
4 ~~of the product for orderly marketing~~)) has the meaning provided in RCW  
5 82.74.010;

6 (c) "Construction" means the actual construction of a warehouse or  
7 grain elevator that did not exist before the construction began.  
8 "Construction" includes expansion if the expansion adds at least  
9 twenty-five thousand square feet of additional space to an existing  
10 cold storage warehouse, at least two hundred thousand square feet of  
11 additional space to an existing warehouse other than a cold storage  
12 warehouse, or additional storage capacity of at least one million  
13 bushels to an existing grain elevator. "Construction" does not include  
14 renovation, remodeling, or repair;

15 (d) "Department" means the department of revenue;

16 (e) "Distribution center" means a warehouse that is used  
17 exclusively by a retailer solely for the storage and distribution of  
18 finished goods to retail outlets of the retailer. "Distribution  
19 center" does not include a warehouse at which retail sales occur;

20 (f) "Finished goods" means tangible personal property intended for  
21 sale by a retailer or wholesaler. "Finished goods" does not include  
22 agricultural products stored by wholesalers, third-party warehouses, or  
23 retailers if the storage takes place on the land of the person who  
24 produced the agricultural product. "Finished goods" does not include  
25 logs, minerals, petroleum, gas, or other extracted products stored as  
26 raw materials or in bulk;

27 (g) "Grain elevator" means a structure used for storage and  
28 handling of grain in bulk;

29 (h) "Material-handling equipment and racking equipment" means  
30 equipment in a warehouse or grain elevator that is primarily used to  
31 handle, store, organize, convey, package, or repackage finished goods.  
32 The term includes tangible personal property with a useful life of one  
33 year or more that becomes an ingredient or component of the equipment,  
34 including repair and replacement parts. The term does not include  
35 equipment in offices, lunchrooms, restrooms, and other like space,  
36 within a warehouse or grain elevator, or equipment used for  
37 nonwarehousing purposes. "Material-handling equipment" includes but is  
38 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-

1 place units, cranes, hoists, mechanical arms, and robots; mechanized  
2 systems, including containers that are an integral part of the system,  
3 whose purpose is to lift or move tangible personal property; and  
4 automated handling, storage, and retrieval systems, including computers  
5 that control them, whose purpose is to lift or move tangible personal  
6 property; and forklifts and other off-the-road vehicles that are used  
7 to lift or move tangible personal property and that cannot be operated  
8 legally on roads and streets. "Racking equipment" includes, but is not  
9 limited to, conveying systems, chutes, shelves, racks, bins, drawers,  
10 pallets, and other containers and storage devices that form a necessary  
11 part of the storage system;

12 (i) "Person" has the meaning given in RCW 82.04.030;

13 (j) "Retailer" means a person who makes "sales at retail" as  
14 defined in chapter 82.04 RCW of tangible personal property;

15 (k) "Square footage" means the product of the two horizontal  
16 dimensions of each floor of a specific warehouse. The entire footprint  
17 of the warehouse shall be measured in calculating the square footage,  
18 including space that juts out from the building profile such as loading  
19 docks. "Square footage" does not mean the aggregate of the square  
20 footage of more than one warehouse at a location or the aggregate of  
21 the square footage of warehouses at more than one location;

22 (l) "Third-party warehouser" means a person taxable under RCW  
23 82.04.280(4);

24 (m) "Warehouse" means an enclosed building or structure in which  
25 finished goods are stored. A warehouse building or structure may have  
26 more than one storage room and more than one floor. Office space,  
27 lunchrooms, restrooms, and other space within the warehouse and  
28 necessary for the operation of the warehouse are considered part of the  
29 warehouse as are loading docks and other such space attached to the  
30 building and used for handling of finished goods. Landscaping and  
31 parking lots are not considered part of the warehouse. A storage yard  
32 is not a warehouse, nor is a building in which manufacturing takes  
33 place; and

34 (n) "Wholesaler" means a person who makes "sales at wholesale" as  
35 defined in chapter 82.04 RCW of tangible personal property, but  
36 "wholesaler" does not include a person who makes sales exempt under RCW  
37 82.04.330.

1           (3)(a) A person claiming an exemption from state tax in the form of  
2 a remittance under this section must pay the tax imposed by RCW  
3 82.08.020. The buyer may then apply to the department for remittance  
4 of all or part of the tax paid under RCW 82.08.020. For grain  
5 elevators with bushel capacity of one million but less than two  
6 million, the remittance is equal to fifty percent of the amount of tax  
7 paid. For warehouses with square footage of two hundred thousand or  
8 more, other than cold storage warehouses, and for grain elevators with  
9 bushel capacity of two million or more, the remittance is equal to one  
10 hundred percent of the amount of tax paid for qualifying construction,  
11 materials, service, and labor, and fifty percent of the amount of tax  
12 paid for qualifying material-handling equipment and racking equipment,  
13 and labor and services rendered in respect to installing, repairing,  
14 cleaning, altering, or improving the equipment. For cold storage  
15 warehouses with square footage of twenty-five thousand or more, the  
16 remittance is equal to one hundred percent of the amount of tax paid  
17 for qualifying construction, materials, service, and labor, and one  
18 hundred percent of the amount of tax paid for qualifying material-  
19 handling equipment and racking equipment, and labor and services  
20 rendered in respect to installing, repairing, cleaning, altering, or  
21 improving the equipment.

22           (b) The department shall determine eligibility under this section  
23 based on information provided by the buyer and through audit and other  
24 administrative records. The buyer shall on a quarterly basis submit an  
25 information sheet, in a form and manner as required by the department  
26 by rule, specifying the amount of exempted tax claimed and the  
27 qualifying purchases or acquisitions for which the exemption is  
28 claimed. The buyer shall retain, in adequate detail to enable the  
29 department to determine whether the equipment or construction meets the  
30 criteria under this section: Invoices; proof of tax paid; documents  
31 describing the material-handling equipment and racking equipment;  
32 location and size of warehouses and grain elevators; and construction  
33 invoices and documents.

34           (c) The department shall on a quarterly basis remit exempted  
35 amounts to qualifying persons who submitted applications during the  
36 previous quarter.

37           (4) Warehouses, grain elevators, and material-handling equipment  
38 and racking equipment for which an exemption, credit, or deferral has

1 been or is being received under chapter 82.60, (~~(82.61,)~~) 82.62, or  
2 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any  
3 remittance under this section. Warehouses and grain elevators upon  
4 which construction was initiated before May 20, 1997, are not eligible  
5 for a remittance under this section.

6 (5) The lessor or owner of a warehouse or grain elevator is not  
7 eligible for a remittance under this section unless the underlying  
8 ownership of the warehouse or grain elevator and the material-handling  
9 equipment and racking equipment vests exclusively in the same person,  
10 or unless the lessor by written contract agrees to pass the economic  
11 benefit of the remittance to the lessee in the form of reduced rent  
12 payments.

13 **Sec. 8.** RCW 82.08.820 and 2005 c 513 s 11 are each amended to read  
14 as follows:

15 (1) Wholesalers or third-party warehouseers who own or operate  
16 warehouses or grain elevators and retailers who own or operate  
17 distribution centers, and who have paid the tax levied by RCW 82.08.020  
18 on:

19 (a) Material-handling and racking equipment, and labor and services  
20 rendered in respect to installing, repairing, cleaning, altering, or  
21 improving the equipment; or

22 (b) Construction of a warehouse or grain elevator, including  
23 materials, and including service and labor costs,  
24 are eligible for an exemption in the form of a remittance. The amount  
25 of the remittance is computed under subsection (3) of this section and  
26 is based on the state share of sales tax.

27 (2) For purposes of this section and RCW 82.12.820:

28 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

29 (b) (~~"Cold storage warehouse" means a storage warehouse used to  
30 store fresh and/or frozen perishable fruits or vegetables, or any  
31 combination thereof, at a desired temperature to maintain the quality  
32 of the product for orderly marketing;~~

33 ~~(c))~~) "Construction" means the actual construction of a warehouse  
34 or grain elevator that did not exist before the construction began.  
35 "Construction" includes expansion if the expansion adds (~~at least  
36 twenty five thousand square feet of additional space to an existing  
37 cold storage warehouse,~~) at least two hundred thousand square feet of

1 additional space to an existing warehouse (~~((other than a cold storage~~  
2 ~~warehouse-))~~) or additional storage capacity of at least one million  
3 bushels to an existing grain elevator. "Construction" does not include  
4 renovation, remodeling, or repair;

5 ~~((+d))~~ (c) "Department" means the department of revenue;

6 ~~((+e))~~ (d) "Distribution center" means a warehouse that is used  
7 exclusively by a retailer solely for the storage and distribution of  
8 finished goods to retail outlets of the retailer. "Distribution  
9 center" does not include a warehouse at which retail sales occur;

10 ~~((+f))~~ (e) "Finished goods" means tangible personal property  
11 intended for sale by a retailer or wholesaler. "Finished goods" does  
12 not include agricultural products stored by wholesalers, third-party  
13 warehouses, or retailers if the storage takes place on the land of the  
14 person who produced the agricultural product. "Finished goods" does  
15 not include logs, minerals, petroleum, gas, or other extracted products  
16 stored as raw materials or in bulk;

17 ~~((+g))~~ (f) "Grain elevator" means a structure used for storage and  
18 handling of grain in bulk;

19 ~~((+h))~~ (g) "Material-handling equipment and racking equipment"  
20 means equipment in a warehouse or grain elevator that is primarily used  
21 to handle, store, organize, convey, package, or repackage finished  
22 goods. The term includes tangible personal property with a useful life  
23 of one year or more that becomes an ingredient or component of the  
24 equipment, including repair and replacement parts. The term does not  
25 include equipment in offices, lunchrooms, restrooms, and other like  
26 space, within a warehouse or grain elevator, or equipment used for  
27 nonwarehousing purposes. "Material-handling equipment" includes but is  
28 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-  
29 place units, cranes, hoists, mechanical arms, and robots; mechanized  
30 systems, including containers that are an integral part of the system,  
31 whose purpose is to lift or move tangible personal property; and  
32 automated handling, storage, and retrieval systems, including computers  
33 that control them, whose purpose is to lift or move tangible personal  
34 property; and forklifts and other off-the-road vehicles that are used  
35 to lift or move tangible personal property and that cannot be operated  
36 legally on roads and streets. "Racking equipment" includes, but is not  
37 limited to, conveying systems, chutes, shelves, racks, bins, drawers,

1 pallets, and other containers and storage devices that form a necessary  
2 part of the storage system;

3 ((+i)) (h) "Person" has the meaning given in RCW 82.04.030;

4 ((+j)) (i) "Retailer" means a person who makes "sales at retail"  
5 as defined in chapter 82.04 RCW of tangible personal property;

6 ((+k)) (j) "Square footage" means the product of the two  
7 horizontal dimensions of each floor of a specific warehouse. The  
8 entire footprint of the warehouse shall be measured in calculating the  
9 square footage, including space that juts out from the building profile  
10 such as loading docks. "Square footage" does not mean the aggregate of  
11 the square footage of more than one warehouse at a location or the  
12 aggregate of the square footage of warehouses at more than one  
13 location;

14 ((+l)) (k) "Third-party warehouse" means a person taxable under  
15 RCW 82.04.280(4);

16 ((+m)) (l) "Warehouse" means an enclosed building or structure in  
17 which finished goods are stored. A warehouse building or structure may  
18 have more than one storage room and more than one floor. Office space,  
19 lunchrooms, restrooms, and other space within the warehouse and  
20 necessary for the operation of the warehouse are considered part of the  
21 warehouse as are loading docks and other such space attached to the  
22 building and used for handling of finished goods. Landscaping and  
23 parking lots are not considered part of the warehouse. A storage yard  
24 is not a warehouse, nor is a building in which manufacturing takes  
25 place; and

26 ((+n)) (m) "Wholesaler" means a person who makes "sales at  
27 wholesale" as defined in chapter 82.04 RCW of tangible personal  
28 property, but "wholesaler" does not include a person who makes sales  
29 exempt under RCW 82.04.330.

30 (3)(a) A person claiming an exemption from state tax in the form of  
31 a remittance under this section must pay the tax imposed by RCW  
32 82.08.020. The buyer may then apply to the department for remittance  
33 of all or part of the tax paid under RCW 82.08.020. For grain  
34 elevators with bushel capacity of one million but less than two  
35 million, the remittance is equal to fifty percent of the amount of tax  
36 paid. For warehouses with square footage of two hundred thousand or  
37 more(~~, other than cold storage warehouses,~~) and for grain elevators  
38 with bushel capacity of two million or more, the remittance is equal to

1 one hundred percent of the amount of tax paid for qualifying  
2 construction, materials, service, and labor, and fifty percent of the  
3 amount of tax paid for qualifying material-handling equipment and  
4 racking equipment, and labor and services rendered in respect to  
5 installing, repairing, cleaning, altering, or improving the equipment.  
6 (~~For cold storage warehouses with square footage of twenty five~~  
7 ~~thousand or more, the remittance is equal to one hundred percent of the~~  
8 ~~amount of tax paid for qualifying construction, materials, service, and~~  
9 ~~labor, and one hundred percent of the amount of tax paid for qualifying~~  
10 ~~material handling equipment and racking equipment, and labor and~~  
11 ~~services rendered in respect to installing, repairing, cleaning,~~  
12 ~~altering, or improving the equipment.))~~

13 (b) The department shall determine eligibility under this section  
14 based on information provided by the buyer and through audit and other  
15 administrative records. The buyer shall on a quarterly basis submit an  
16 information sheet, in a form and manner as required by the department  
17 by rule, specifying the amount of exempted tax claimed and the  
18 qualifying purchases or acquisitions for which the exemption is  
19 claimed. The buyer shall retain, in adequate detail to enable the  
20 department to determine whether the equipment or construction meets the  
21 criteria under this section: Invoices; proof of tax paid; documents  
22 describing the material-handling equipment and racking equipment;  
23 location and size of warehouses and grain elevators; and construction  
24 invoices and documents.

25 (c) The department shall on a quarterly basis remit exempted  
26 amounts to qualifying persons who submitted applications during the  
27 previous quarter.

28 (4) Warehouses, grain elevators, and material-handling equipment  
29 and racking equipment for which an exemption, credit, or deferral has  
30 been or is being received under chapter 82.60, (~~(82.61,)~~) 82.62, or  
31 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any  
32 remittance under this section. Warehouses and grain elevators upon  
33 which construction was initiated before May 20, 1997, are not eligible  
34 for a remittance under this section.

35 (5) The lessor or owner of a warehouse or grain elevator is not  
36 eligible for a remittance under this section unless the underlying  
37 ownership of the warehouse or grain elevator and the material-handling  
38 equipment and racking equipment vests exclusively in the same person,

1 or unless the lessor by written contract agrees to pass the economic  
2 benefit of the remittance to the lessee in the form of reduced rent  
3 payments.

4 **Sec. 9.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to read  
5 as follows:

6 (1) Wholesalers or third-party warehouseers who own or operate  
7 warehouses or grain elevators, and retailers who own or operate  
8 distribution centers, and who have paid the tax levied under RCW  
9 82.12.020 on:

10 (a) Material-handling equipment and racking equipment and labor and  
11 services rendered in respect to installing, repairing, cleaning,  
12 altering, or improving the equipment; or

13 (b) Materials incorporated in the construction of a warehouse or  
14 grain elevator, are eligible for an exemption on tax paid in the form  
15 of a remittance or credit against tax owed. The amount of the  
16 remittance or credit is computed under subsection (2) of this section  
17 and is based on the state share of use tax.

18 (2)(a) A person claiming an exemption from state tax in the form of  
19 a remittance under this section must pay the tax imposed by RCW  
20 82.12.020 to the department. The person may then apply to the  
21 department for remittance of all or part of the tax paid under RCW  
22 82.12.020. For grain elevators with bushel capacity of one million but  
23 less than two million, the remittance is equal to fifty percent of the  
24 amount of tax paid. For warehouses with square footage of two hundred  
25 thousand or more(~~(, other than cold storage warehouses,)~~) and for grain  
26 elevators with bushel capacity of two million or more, the remittance  
27 is equal to one hundred percent of the amount of tax paid for  
28 qualifying construction materials, and fifty percent of the amount of  
29 tax paid for qualifying material-handling equipment and racking  
30 equipment. (~~(For cold storage warehouses with square footage of  
31 twenty five thousand or more, the remittance is equal to one hundred  
32 percent of the amount of tax paid for qualifying construction,  
33 materials, service, and labor, and one hundred percent of the amount of  
34 tax paid for qualifying material handling equipment and racking  
35 equipment, and labor and services rendered in respect to installing,  
36 repairing, cleaning, altering, or improving the equipment.)~~)

1 (b) The department shall determine eligibility under this section  
2 based on information provided by the buyer and through audit and other  
3 administrative records. The buyer shall on a quarterly basis submit an  
4 information sheet, in a form and manner as required by the department  
5 by rule, specifying the amount of exempted tax claimed and the  
6 qualifying purchases or acquisitions for which the exemption is  
7 claimed. The buyer shall retain, in adequate detail to enable the  
8 department to determine whether the equipment or construction meets the  
9 criteria under this section: Invoices; proof of tax paid; documents  
10 describing the material-handling equipment and racking equipment;  
11 location and size of warehouses, if applicable; and construction  
12 invoices and documents.

13 (c) The department shall on a quarterly basis remit or credit  
14 exempted amounts to qualifying persons who submitted applications  
15 during the previous quarter.

16 (3) Warehouse, grain elevators, and material-handling equipment and  
17 racking equipment for which an exemption, credit, or deferral has been  
18 or is being received under chapter 82.60, (~~82.617~~) 82.62, or 82.63  
19 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any  
20 remittance under this section. Materials incorporated in warehouses  
21 and grain elevators upon which construction was initiated prior to May  
22 20, 1997, are not eligible for a remittance under this section.

23 (4) The lessor or owner of the warehouse or grain elevator is not  
24 eligible for a remittance or credit under this section unless the  
25 underlying ownership of the warehouse or grain elevator and material-  
26 handling equipment and racking equipment vests exclusively in the same  
27 person, or unless the lessor by written contract agrees to pass the  
28 economic benefit of the exemption to the lessee in the form of reduced  
29 rent payments.

30 (5) The definitions in RCW 82.08.820 apply to this section.

31 **Sec. 10.** RCW 82.32.600 and 2005 c 514 s 1002 are each amended to  
32 read as follows:

33 (1) Persons required to file surveys under RCW 82.04.4452,  
34 82.32.610, or 82.74.040 must electronically file with the department  
35 all surveys, returns, and any other forms or information the department  
36 requires in an electronic format as provided or approved by the

1 department(~~(, unless the department grants relief under subsection (2)~~  
2 ~~of this section)~~). As used in this section, "returns" has the same  
3 meaning as "return" in RCW 82.32.050.

4 ~~(2) ((Upon request, the department may relieve a person of the~~  
5 ~~obligations in subsection (1) of this section if the person's taxes~~  
6 ~~have been reduced a cumulative total of less than one thousand dollars~~  
7 ~~from all of the credits, exemptions, or preferential business and~~  
8 ~~occupation tax rates, for which a person is required to file an annual~~  
9 ~~survey under RCW 82.04.4452, 82.32.535, 82.32.545, 82.32.570,~~  
10 ~~82.32.560, 82.60.070, or 82.63.020.~~

11 ~~(3) Persons who no longer qualify for relief under subsection (2)~~  
12 ~~of this section will be notified in writing by the department and must~~  
13 ~~comply with subsection (1) of this section by the date provided in the~~  
14 ~~notice.~~

15 ~~(4))~~ Any survey, return, or any other form or information required  
16 to be filed in an electronic format under subsection (1) of this  
17 section is not filed until received by the department in an electronic  
18 format.

19 (3) The department may waive the electronic filing requirement in  
20 subsection (1) of this section for good cause shown.

21 **Sec. 11.** RCW 82.32.590 and 2005 c 514 s 1001 are each amended to  
22 read as follows:

23 (1) If the department finds that the failure of a taxpayer to file  
24 an annual survey under RCW 82.04.4452, 82.32.610, or 82.74.040 by the  
25 due date was the result of circumstances beyond the control of the  
26 taxpayer, the department shall extend the time for filing the survey.  
27 Such extension shall be for a period of thirty days from the date the  
28 department issues its written notification to the taxpayer that it  
29 qualifies for an extension under this section. The department may  
30 grant additional extensions as it deems proper.

31 (2) In making a determination whether the failure of a taxpayer to  
32 file an annual survey by the due date was the result of circumstances  
33 beyond the control of the taxpayer, the department shall be guided by  
34 rules adopted by the department for the waiver or cancellation of  
35 penalties when the underpayment or untimely payment of any tax was due  
36 to circumstances beyond the control of the taxpayer.

1        NEW SECTION.   **Sec. 12.**   (1) Except as otherwise provided in this  
2 section, this act takes effect July 1, 2006.

3        (2) Sections 4, 5, and 7 of this act take effect July 1, 2007.

4        (3) Sections 8 and 9 of this act take effect July 1, 2012.

5        NEW SECTION.   **Sec. 13.**   Section 6 of this act expires July 1, 2007.

6        NEW SECTION.   **Sec. 14.**   Section 7 of this act expires July 1, 2012.

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